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Accused Spy's Lawyers to See Records

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A federal judge in Alexandria yesterday allowed lawyers for accused spy Richard Craig Smith to see records they say may corroborate Smith's story that he was working for the Central Intelligence Agency when he provided national defense information to a Soviet KGB officer in Tokyo.

U.S. District Judge Richard L. Williams, in an order issued late yesterday, directed the government "to make a diligent search of its records and produce the... documents, if they exist."

Lawyers for Smith, who is accused of providing the identities of six U.S. double agents to a Soviet KGB officer in Tokyo in exchange for \$11,000, made a similar request last week. The judge denied the request then because it was too broad and directed lawyers to be more specific.

Most of the records center on the CIA-related activities of the now defunct Honolulu investment firm of Bishop, Baldwin, Rewald, Dillingham and Wong. In a lawsuit against the CIA, the firm's former head, Ronald R. Rewald, contends he was a covert agent, that he established the firm at the agency's direction and that some of its subsidiaries were "used completely and exclusively for CIA covert operations."

The CIA has acknowledged "a slight involvement" with the firm, but has denied allegations that it set up or ran the company. The CIA reimbursed the company for approximately \$3,000 worth of long-distance telephone calls, telex charges and stationery for some small subsidiaries operating out of Bishop, Baldwin's offices that

were used by the CIA as "commercial covers" for at least one bona fide CIA agent, according to company records.

Smith, a former Army counterintelligence specialist, has said he was acting under the direction of two CIA agents, Ken White and Danny Ishida, when he met with Soviet KGB officer Victor Okunev during two meetings in November 1982 and one meeting in February 1983 at the Soviet commercial compound in Tokyo. If convicted of transmitting national defense information to a Soviet agent, he faces a maximum of life imprisonment. His trial is set for July 9.

Smith has said he was given a Honolulu telephone number to call as his contact with the CIA upon his return to the United States. The number he contends he was given was one of the Bishop, Baldwin lines, according to telephone directories and company employees. It is identical to one printed on the business cards of a man who called himself Richard Cavannaugh, a CIA agent who used a subsidiary of Bishop, Baldwin as a cover, according to one official close to the investigation.

The CIA has said it has no records concerning Smith or his two alleged CIA operatives.

The records ordered released by the judge include all CIA records relating to reimbursement of Bishop, Baldwin's operating expenses and to telephone calls made from the firm in Honolulu to Salt Lake City, where Smith lived and worked, in November 1982.

The judge also ordered that all records, if they exist, "concerning the identities and activities of persons believed or suspected to be involved in unauthorized CIA activities in Hawaii or Japan from July 1981 through July 1983" be produced.